

RECORDATION NO. 8706-4 Filed 1425

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CHATTEL MORTGAGE AND SECURITY AGREEMENT

INTERSTATE COMMERCE COMMISSION

KNOW ALL MEN BY THESE PRESENTS, that Emons Industries, Inc. ("Industries") in consideration of \$1.00 to it paid by the Farmers First Bank ("Bank"), receipt of which is hereby acknowledged, does hereby bargain, sell and convey to Bank, its successors and assigns, and does hereby grant to Bank a security interest in and lien upon (under the Uniform Commercial Code, as amended, or other appropriate law) all those certain railroad freight cars used or intended to be used in interstate commerce listed in Exhibit "A" attached hereto.

TO HAVE AND TO HOLD the said railroad freight cars to bargained, sold and conveyed, or intended to be unto the said Bank, its successors and assigns.

The condition of this Chattel Mortgage and Security Agreement is that if Industries shall pay or cause to be paid to Bank such sums as Industries shall have borrowed from Bank under that certain Revolving and Term Loan Agreement between Industries, Leasing, Railcar and Bank dated as of September 1, 1978, which is incorporated herein by reference as though fully set forth, and fully and faithfully *RG* performed all of Industries' obligations herein and therein contained, then this Chattel Mortgage and Security Agreement

shall be void; otherwise it shall remain in full force and effect.

Industries warrants to Bank that on the date hereof it is the absolute owner of the said railroad freight cars, free and clear of all liens, encumbrances and adverse claims, other than the interest herein bargained, sold and granted to Bank.

In the event that the railroad freight cars are leased pursuant to a lease or sold under a conditional sales agreement to a party other than the Maryland and Pennsylvania Railroad Company, and such lease or conditional sales agreement is assigned by Industries to the Bank, this Chattel Mortgage and Security Agreement shall not be enforced by the Bank with respect to such railroad freight cars unless such lease or conditional sales agreement shall be in default in accordance with the terms thereof.

Except as otherwise provided for herein, unless and until Industries shall fail or refuse to perform, or be in breach of any of the foregoing covenants and agreements or an event of default shall occur under the said Revolving and Term Loan Agreement, Industries hereby lets and demises from Bank the right of possession and use of the said railroad freight cars *for the purpose of selling or leasing*
RG said railroad freight cars.

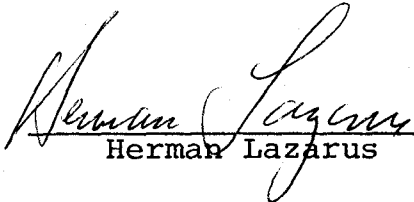
Industries hereby covenants to keep or cause to be kept the said railroad freight cars in good condition and repair.

Should Industries fail or refuse to perform any of the foregoing covenants and agreements, or upon the happening of an event of default as defined in the aforesaid Revolving and Term Loan Agreement, Bank may exercise all its rights and remedies set forth in the Revolving and Term Loan Agreement, including the right to take possession of the railroad freight cars hereby mortgaged, and may exercise any of its rights under the Uniform Commercial Code, as amended, and other applicable laws.

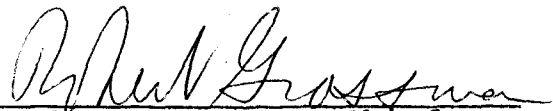
This Chattel Mortgage and Security Agreement shall be binding upon and inure to the benefit of the successors and assigns of Industries and Bank.

EXECUTED this 23 day of MARCH, 1979.

ATTEST:


Herman Lazarus

EMONS INDUSTRIES, INC.

BY: 
Robert Grossman, Chief
Executive Officer

COMMONWEALTH OF PENNSYLVANIA)
) ss.:
COUNTY OF YORK)

On this 23 day of MARCH , 1979, before me personally appeared ROBERT GROSSMAN, to me personally known, who being by me duly sworn, says that he is the Chief Executive Officer of Emons Industries, Inc. that the seal affixed to the foregoing instrument is the seal of said Corporation; that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Rudolph Horowitz

MY COMMISSION EXPIRES
JANUARY 31, 1981
YORK, YORK COUNTY, PA.

EXHIBIT A

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Fifty-five ton, 40'6", wood lined boxcars,
Class "XF" or "XM" which have been completely
rebuilt according to AAR and ICC rules and
regulations bearing Maryland and Pennsylvania
Railroad Company markings as follows:

MPA 5525-5547 inclusive;

MPA 5549; and

MPA 5600-5631 inclusive.